

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3839 – SB 3771

April 24, 2012

**SUMMARY OF AMENDMENT (017359):** Deletes all language after the enacting clause. Removes a cross-reference to the supplemental payments made by the state to the counties for juvenile court services from Tenn. Code Ann. § 37-1-161(a) regarding the reimbursement account used to provide financial assistance to counties for removing children from adult jails. Requires a supplement to be provided annually by the state to the counties for the improvement of juvenile court services to be administered by the Department of Children's Services, instead of the Commission on Children and Youth. Authorizes the Department to establish procedures regarding the application and reporting procedures, adequate minimum educational requirements for youth services officers, and permissible uses of supplemental funds received. Removes the requirements that these procedures be promulgated in accordance with the Uniform Administrative Procedures Act compiled in Tenn. Code Ann. Title 4, Chapter 5. Broadens the authority for counties to spend the supplemental funds by removing the authorization for counties to expend funds for specific purposes.

Replaces the authority to appoint a dentist at the mental health facilities, the James M. Taft Youth Center, the Spencer Youth Center, the Tennessee Vocational School for Girls, the state penitentiary, and the Brushy Mountain state penitentiary with the authority to appoint a dentist at the state prisons to perform necessary dental work for inmates. Authorizes the appointment to be by employment in the Department of Correction or by contract for services.

Decreases, from 29.0246 percent to 29.0141 percent, the percentage of sales and use tax collections that is earmarked and allocated specifically and exclusively to the General Fund and increases, from 4.5925 percent to 4.6030 percent, the percentage that is allocated to incorporated municipalities.

Requires the capital budget to contain funding for all capital outlay. Each capital improvement and capital maintenance project of \$1,000,000 or more shall be specified by project, affected spending agency, and funding sources. Each capital improvement and maintenance project under \$1,000,000 shall be specified in detail as determined by the Governor. Appropriations for capital improvement and capital management projects shall be specified by state agency in lump sums consistent with the details in the budget document.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures – Not Significant

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Funding in the amount of \$855,000 is included in the Governor's proposed FY12-13 budget for the Department of Children's Services to provide supplemental payments to counties for juvenile court services.

A net decrease of \$8,500,000 is included in the Governor's proposed FY12-13 budget for closing the James M. Taft Youth Center.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease State Revenue - \$742,300**

**Increase Local Revenue - \$742,300**

**Funding in the amount of \$855,000 is included in the Administration's amendment to the Governor's proposed FY12-13 budget for the Department of Children's Services to provide supplemental payments to counties for juvenile court services.**

**A net decrease of \$8,500,000 is included in the Governor's proposed FY12-13 budget for closing the James M. Taft Youth Center.**

**According to the Department of Finance and Administration Office of Budget, the Administration's amendment to the Governor's proposed FY12-13 budget includes a reduction in General Fund revenue of \$700,000 and an increase in Local Government Fund revenue of \$700,000.**

Assumptions applied to amendment:

- According to the Tennessee Commission on Children and Youth, 92 counties receive \$9,000 each in supplemental payments for a total of \$828,000 (92 x \$9,000).
- In FY12-13, the Department of Children's Services will administer these supplemental payments. The administration amendment to the Governor's proposed FY12-13 budget includes \$855,000 for the Department to continue providing these supplements.
- There are currently no dental positions at any of the state mental health facilities. The proposed changes will not have a significant fiscal impact on the Department of Mental Health.
- The statutory changes regarding the appointment of dentists at the state prisons through employment or contract services will codify the current practice and will not have a significant fiscal impact on the Department of Correction.
- The Governor's proposed FY12-13 budget does not include funding for the James M. Taft Youth Center and includes a net decrease in expenditures of \$8,500,000 for this purpose. The dentist position at the Taft Youth Center is a contracted position. The current contract is for \$50,000. The reduction of this position is realized in the total net decrease in expenditures for closing the facility.

- According to the Department of Finance and Administration, FY12-13 sales and use tax collections are estimated to be \$7,069,100,000. The current General Fund allocation rate is 29.0246 percent, or \$2,051,777,999 ( $\$7,069,100,000 \times 29.0246\%$ ).
- The proposed allocation rate is 29.0141 percent, or \$2,051,035,743 ( $\$7,069,100,000 \times 29.0141\%$ ).
- The reduction in the General Fund allocation rate will result in a recurring decrease in state revenue of \$742,256 ( $\$2,051,777,999 - \$2,051,035,743$ ).
- The current Local Government Fund allocation rate is 4.5925 percent, or \$324,648,417 ( $\$7,069,100,000 \times 4.5925\%$ ).
- The proposed Local Government Fund allocation rate is 4.6030 percent, or \$325,390,673 ( $\$7,069,100,000 \times 4.6030\%$ ).
- The increase in the Local Government Fund allocation rate will result in a recurring increase in local revenue of \$742,256 ( $\$325,390,673 - \$324,648,417$ ).
- According to the Department of Finance and Administration, the proposed requirements for capital improvement and capital management project appropriations and the manner in which these are included in the budget document are the current practices of the Department. Codifying the current practices for including capital improvement and capital management project appropriations in the budget document will not change the amounts allocated for the projects or the capital budget and will not have a fiscal impact.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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